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# Kamdar Sdn Bhd v Mohammad Hafiz bin Hamidun

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COURT OF APPEAL (PUTRAJAYA) — CIVIL APPEAL NO W-02(IPCV)(W)-1646–08 OF 2018
HAMID SULTAN, ANIPAH FARIKULLAH AND KAMALUDIN MD SAID JJCA
3 FEBRUARY 2020

C

*Companies and Corporations — Separate legal personality — Alter ego — Respondent sued appellant in High Court for passing off — High Court allowed respondent's action — Whether goodwill owned by respondent's company and not respondent — Whether respondent had locus standi to sue — Whether learned judge erred in lifting corporate veil and in holding that respondent was alter ego of respondent's company*

D

*Tort — Passing off — Goodwill — Respondent sued appellant in High Court for passing off — High Court allowed respondent's action — Whether respondent was the common law owner of goodwill in brand name — Whether goodwill owned by respondent's company and not respondent — Whether respondent had locus standi to sue*

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This was an appeal against the decision of the learned trial judge in allowing the respondent's claim against the appellant for the tort of passing off. The respondent's case was that he was the owner of the goodwill in the business of selling fabrics/apparel under the brand name 'Hafiz Hamidun' and the conduct of the appellant in selling 'Hafiz Hamidun' branded fabrics/apparel to the public constituted the tort of passing off. In defence, the appellant argued that the goodwill in the brand name 'Hafiz Hamidun' had been owned by the company, Mikraj Concept Sdn Bhd (now known as Haje Sdn Bhd ('HSB')) and not the respondent. It ought to be noted that the respondent owned 80% of the total issued shares of HSB and was also its director since its incorporation on 23 September 2014. In the present appeal, the appellant submitted that the learned trial judge failed to consider it was HSB that was using the brand name 'Hafiz Hamidun' for fabrics and apparel, as such, the goodwill was owned by HSB rather than the respondent. Further, the appellant submitted that the learned trial judge was wrong to lift the corporate veil of HSB, namely to hold that the respondent was the alter ego of the said company and that the goodwill in the brand name 'Hafiz Hamidun' belonged to the respondent.

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**Held**, allowing the appeal with costs of RM85,000 here and below subject to the payment of allocator and setting aside the decision of the High Court judge:

(1) The court was satisfied that the learned High Court judge did not have proper regard to the evidence adduced during trial which clearly showed that Mikraj Concept Sdn Bhd (later known as HSB), the company founded by the respondent, which was the company that carried out business in the fabrics and/or fashion line selling various clothing such as baju Melayu, jubbah and/or kurta, amongst others, had been using the brand name 'Hafiz Hamidun' since 2014 (see para 40).

(2) The case of *Henderson v Radio Corpn Pty Ltd* [1969] RPC 218 and *Irvine v Talksport Ltd* [2003] FSR 35 relied by the High Court judge were not relevant to the facts of the present case as the goodwill in the fabrics and apparel business in this present case was owned by the company, HSB and not the respondent. The learned High Court judge had overlooked the fact that the goodwill related to the business was a subject of separate ownership (see para 44).

(3) The terms 'lifting' and 'piercing' the corporate veil were used interchangeably by the Malaysian courts. These terms were employed where a claim was mounted against an individual who sought to hide behind a company to escape liability for his fraudulent conduct. Since the decision of the Court of Appeal in *Law Kam Loy and anor v Boltex Sdn Bhd and others* [2005] MLJU 225, lifting or piercing the corporate veil was not permitted merely where the 'interests of justice' required it. It was a clear law that in order to redress a wrong done to the company or to recover monies or damages as alleged to be due to the company, the action should prima facie be brought by the company itself (see paras 46–47 & 51).

(4) The court agreed with the appellant that based on the pleading, it was clear that the respondent considered himself as having goodwill in the brand name 'Hafiz Hamidun' in so far as his career as an entertainer was concerned, but such goodwill was exploited by HSB where fabrics and apparel were concerned. No evidence was led as to an independent right on the part of the respondent personally to sue for loss in respect of goodwill in fabrics and apparel. The respondent had not, in any event, demonstrated any independent goodwill in fabrics and apparel (see paras 58 & 63).

(5) The company was at all material times a separate legal personality. Therefore, it was clear that any injury caused by the alleged passing off would have been sustained by HSB and not the respondent. The respondent was not the proper party to sue for the alleged passing off in the present case. In the present case, HSB owned the goodwill in the brand name 'Hafiz Hamidun' (see paras 64–66).

**[Bahasa Malaysia summary**

Ini adalah rayuan terhadap keputusan hakim bicara yang bijaksana yang membenarkan tuntutan responden terhadap perayu atas tort kelirupaan. Kes responden adalah bahawa dia adalah pemilik nama baik dalam perniagaan menjual kain/pakaian dengan jenama 'Hafiz Hamidun' dan tindakan perayu dalam menjual kain/pakaian berjenama 'Hafiz Hamidun' kepada orang awam merupakan tort kelirupaan. Dalam pembelaan, perayu berhujah bahawa nama baik dalam jenama 'Hafiz Hamidun' dimiliki oleh syarikat, Mikraj Concept Sdn Bhd (sekarang dikenali sebagai Haje Sdn Bhd ('HSB')) dan bukan responden. Harus diingat bahawa responden memiliki 80% daripada jumlah saham yang diterbitkan di dalam HSB dan juga pengarahnya sejak penubuhannya pada 23 September 2014. Dalam rayuan semasa, perayu berhujah bahawa hakim bicara yang bijaksana gagal mengambil kira bahawa HSB yang menggunakan jenama 'Hafiz Hamidun' untuk fabrik dan pakaian, kerana itu, nama baik tersebut dimiliki oleh HSB dan bukannya responden. Selanjutnya, perayu berhujah bahawa hakim bicara yang bijaksana terkhilaf apabila mengangkat tirai korporat HSB, iaitu dengan menyatakan bahawa responden adalah alter ego syarikat tersebut dan bahawa nama baik dalam jenama 'Hafiz Hamidun' adalah milik responden.

**Diputuskan**, membenarkan rayuan dengan kos RM85,000 di sini dan di bawah tertakluk kepada bayaran alokator dan mengenepikan keputusan hakim Mahkamah Tinggi:

(1) Mahkamah berpuas hati bahawa hakim Mahkamah Tinggi yang bijaksana tidak mengambil kira secara betul keterangan yang dikemukakan semasa perbicaraan yang jelas menunjukkan bahawa Mikraj Concept Sdn Bhd (kemudian dikenal sebagai HSB), syarikat yang diasaskan oleh responden, yang merupakan syarikat menjalankan perniagaan dalam bidang fabrik dan/atau fesyen yang menjual pelbagai pakaian seperti baju Melayu, jubbah dan/atau kurta, antara lain telah menggunakan jenama 'Hafiz Hamidun' sejak tahun 2014 (lihat perenggan 40).

(2) Kes *Henderson v Radio Corpn Pty Ltd* [1969] RPC 218 dan *Irvine v Talksport Ltd* [2003] FSR 35 yang dirujuk oleh hakim Mahkamah Tinggi tidak relevan dengan fakta kes ini kerana nama baik dalam perniagaan kain dan pakaian dalam kes ini dimiliki oleh syarikat, HSB dan bukan responden. Hakim Mahkamah Tinggi yang bijaksana telah mengabaikan fakta bahawa nama baik yang berkaitan dengan perniagaan adalah subjek pemilikan yang berasingan (lihat perenggan 44).

(3) Istilah 'mengangkat' dan 'mencucuk' tirai korporat digunakan secara bergantian oleh mahkamah Malaysia. Terma-terma ini digunakan di mana tuntutan dibuat terhadap individu yang berusaha bersembunyi di sebalik syarikat untuk melarikan diri dari tanggungjawab atas tindakan

penipuannya. Sejak keputusan Mahkamah Rayuan dalam *Law Kam Loy and anor v Boltex Sdn Bhd and others* [2005] MLJU 225, mengangkat atau mencucuk tirai korporat tidak dibenarkan hanya kerana 'kepentingan keadilan' memerlukannya. Ia adalah undang-undang yang jelas bahawa untuk mempersoalkan kesalahan yang dilakukan terhadap syarikat atau untuk mendapatkan kembali wang atau ganti rugi sebagaimana yang di dakwa perlu dibayar kepada syarikat, tindakan tersebut harus diambil oleh syarikat itu sendiri (lihat perenggan 46–47 & 51).

(4) Mahkamah bersetuju dengan perayu bahawa berdasarkan pliding, jelas bahawa responden menganggap dirinya mempunyai nama baik dalam jenama 'Hafiz Hamidun' sepanjang kerjayanya sebagai penghibur, tetapi bagi kain dan pakaian, nama baik tersebut dimanfaatkan oleh HSB. Tidak ada keterangan yang dikemukakan berkaitan dengan hak persendirian pihak responden untuk menuntut kerugian atas nama baik dalam kain dan pakaian. Dalam apa keadaan sekalipun, responden tidak menunjukkan apa-apa nama baik dalam kain dan pakaian (lihat perenggan 58 & 63).

(5) Syarikat pada setiap masa material adalah personaliti undang-undang yang berasingan. Oleh itu, jelas bahawa apa-apa kecederaan yang disebabkan oleh kelirupaan akan dialami oleh HSB dan bukan oleh responden. Responden bukanlah pihak yang tepat untuk menuntut kelirupaan dalam kes semasa. Dalam kes semasa, HSB memiliki nama baik dalam jenama 'Hafiz Hamidun' (lihat perenggan 64–66).]

**Cases referred to**

*AG Spalding Brothers v AW Gamage, Ltd* [1914–15] All ER Rep 147; (1915) 32 RPC 273, HL (refd)

*Abdul Rahim bin Aki v Krubong Industrial Park (Melaka) Sdn Bhd & Ors* [1995] 3 MLJ 417, CA (refd)

*Bumiputra-Commerce Bank Bhd v Augusto Pompeo Romei & Anor* [2014] 3 MLJ 672, CA (refd)

*Butler v Evans (Inspector of Taxes)* [1980] STC 613, Ch D (refd)

*Chanel v Melwani2 International Sdn Bhd & Ors and other suits* [2017] 10 MLJ 592; [2017] 6 CLJ 567, HC (refd)

*Erven Warnink BV and Another v J Townend & Sons (Hull) Ltd and Another* [1980] RPC 31, HL (refd)

*Foo Toon Yeong & Ors v Jonah Wong Ching Hang* [2019] 6 MLJ 640, CA (refd)

*Foss v Harbottle* (1843) 67 ER 189 (refd)

*Giga Engineering & Construction Sdn Bhd v Yip Chee Seng & Sons Sdn Bhd & Anor* [2015] 6 MLJ 449; [2015] 9 CLJ 537, FC (refd)

*Gurbachan Singh s/o Bagawan Singh & Ors v Vellasamy s/o Pennusamy & Ors (on their behalf and for the 213 sub-purchasers of plots of land known as PN35553, Lot 9108, Mukim Hutan Melintang, Hilir Perak) and other appeals* [2015] 1

MLJ 773; [2015] 1 CLJ 719, FC (refd)
*Henderson v Radio Corpn Pty Ltd* [1969] RPC 218 (distd)
*Irvine v Talksport Ltd* [2003] FSR 35 (distd)
*KTL Sdn Bhd v Leong Oow Lai* [2014] MLJU 1405; [2014] 1 LNS 427, HC (refd)
*Law Kam Loy and anor v Boltex Sdn Bhd and others* [2005] MLJU 225; [2005] 3 CLJ 355, CA (refd)
*Meidi (M) Sdn Bhd v Meidi-Ya Co Ltd, Japan & Anor* [2008] 6 MLJ 433, CA (refd)
*Perak Integrated Networks Services Sdn Bhd v Urban Domain Sdn Bhd (on behalf of themselves and Pins OSC & Maintenance Services Sdn Bhd through derivative action) & Anor* [2018] 4 MLJ 1, FC (refd)
*Prudential Assurance Co Ltd v Newman Industries Ltd and others (No 2)* [1982] Ch 204, CA (refd)
*Reckitt and Colman Products Ltd v Borden Inc and others* [1990] 1 All ER 873; [1990] 1 WLR 491, HL (refd)
*Revertex Ltd & Anor v Slim Rivertex Sdn Bhd & Ors* [1991] 1 MLJ 508, HC (refd)
*Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd* [1994] 2 MLJ 770; [1994] 2 AMR 1353, SC (refd)
*Singham Sulaiman Sdn Bhd v Appraisal Property Management Sdn Bhd & Anor and another suit* [2018] 10 MLJ 187, HC (refd)
*Sinma Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd & Ors* [2004] 4 MLJ 358; [2004] 5 AMR 349, CA (refd)
*Solid Investments Ltd v Alcatel-Lucent (M) Sdn Bhd (previously known as Alcatel Network Systems (M) Sdn Bhd)* [2014] 3 MLJ 785; [2014] 3 CLJ 73, FC (refd)
*Star Industrial Co Ltd v Yap Kwee Kor (t/a New Star Industrial Co)* [1976] FSR 256, PC (refd)
*TC Pharmaceutical Industries Co Ltd & Anor v Koay Sai Leat & Ors* [2016] 8 MLJ 779, HC (refd)
*Walton International Ltd v Yong Teng Hing (b/s Hong Kong Trading Co)* [2011] 5 MLJ 397, CA (refd)
*Yong Sze Fun & Anor (t/a Perindustrian Makanan & Minuman Layang-Layang) v Syarikat Zamani Hj Tamin Sdn Bhd & Anor* [2012] 1 MLJ 585, CA (refd)

**Appeal from:** Suit No WA-22IP-13–04 of 2017 (High Court, Kuala Lumpur)

*Malik Imtiaz Sarwar (Eugene Roy Joseph, Yong Cheng Aik and Khoo Suk Chyi with him) (Joseph Chambers) for the appellant.*
*Thevini Nayagam (Habizan Rahman with him) (Rahman Rohaida) for the respondent.*

**Hanipah Farikullah JCA:**

INTRODUCTION

**[1]** This is a passing off action, the underlying subject matter of which is the respondent's (plaintiff) fabrics for 'baju Melayu' labelled and marketed under the brand name 'Hafiz Hamidun'.

**[2]** The appellant, Kamdar Sdn Bhd (defendant) appealed against the judgment of the learned High Court judge given on 24 January 2018 after a full trial allowing the plaintiff's claim for the tort of passing off the appellant's fabrics for that has been labelled and marketed under the brand name 'Hafiz Hamidun' as fabrics which have been manufactured by, or related to the plaintiff.

**[3]** In this case, the plaintiff contends that he is the owner of the goodwill in the business of selling fabrics/apparel under the brand name 'Hafiz Hamidun' and the conduct of the defendant in selling 'Hafiz Hamidun' branded fabrics/apparel to the public constitutes the tort of passing off.

**[4]** The plaintiff sought the usual remedies sought in passing off actions: injunction and damages or account of profits by the defendants in selling 'Hafiz Hamidun' branded fabrics/apparel to the public, which constitutes the tort of passing off.

**[5]** The defendant resisted the plaintiff's claim and denied that the plaintiff ever was the owner of the goodwill in the brand name 'Hafiz Hamidun' for fabrics/apparel. In essence, the defence is that, at all times, the goodwill in the brand name 'Hafiz Hamidun' had been owned by the company, Mikraj Concept Sdn Bhd (now known as Haje Sdn Bhd (HSB)) and not the plaintiff.

**[6]** In our judgment, for the reasons explained below, the learned High Court judge erred in the conclusions which he drew from the facts as found by him that the plaintiff owed the goodwill in the fabrics and apparel sold by HSB which bore the name 'Hafiz Hamidun'.

**[7]** Essentially for that reason, which we will expand upon later in this judgment, we consider that the plaintiff's claim in passing off cannot succeed.

THE BACKGROUND

**[8]** The facts are straightforward and can be drawn from the judgment of the learned High Court judge and the documents to which he refers. The defendant is a company that sells various fabrics through retail and wholesale

stores. It was established in 1972 and had since conducted its business using the 'KAMDAR' trademark. At the material time, the defendant had a total of 28 stores in Malaysia.

**[9]** The plaintiff asserted that he is a famous and influential celebrity and has numerous fans in Malaysia as well as on an international level who is known as and/or goes by the name 'Hafiz Hamidun'. Apart from being listed on *The World's 500 Most Influential Muslim (The Muslim 500)* in the year 2015 and 2016 as an influential Muslim celebrity in the world, the respondent is also a singer and/or music composer who has produced various music albums and won various music awards using the name 'Hafiz Hamidun'.

**[10]** The plaintiff is also a shareholder and director of HSB. As we have stated earlier, HSB was previously known as Mikraj Concept Sdn Bhd. The change of name took place subsequent to the filing of this suit. HSB carries out the business of manufacturing and trading clothes, apparel, garments and related clothing accessories.

**[11]** We should mention one other fact. The plaintiff owns 80% of the total issued shares of HSB and is also its director since its incorporation on 23 September 2014. The plaintiff testified that he had incorporated HSB.

**[12]** The plaintiff contended that it is evident that he had earned a valuable goodwill and reputation in the brand name 'Hafiz Hamidun' not only in the music industry but also in the fabrics industry in Malaysia wherein the plaintiff had been selling and promoting his clothing and/or fashion line under HSB using the brand name 'Hafiz Hamidun' since 2014.

DECISION OF THE HIGH COURT

**[13]** The plaintiff's claim against the defendant for the act of passing off the fabric for baju Melayu that has been printed, labelled and marketed under the brand name 'Hafiz Hamidun' produced by the defendant as products produced by the plaintiff.

**[14]** The issue before the High Court was whether the plaintiff's claim had fulfilled the characteristics of a passing off action as laid down in the case of *AG Spalding Brothers v AW Gamage, Ltd* [1914–15] All ER Rep 147; (1915) 32 RPC 273 and followed by numerous cases (see *Meidi (M) Sdn Bhd v Meidi-Ya Co Ltd, Japan & Anor* [2008] 6 MLJ 433; *Revertex Ltd & Anor v Slim Rivertex Sdn Bhd & Ors* [1991] 1 MLJ 508; *Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd* [1994] 2 MLJ 770; [1994] 2 AMR 1353).

**[15]** In his judgment, the learned High Court judge found in favour of the plaintiff on the issue of liability. A

**[16]** It was common ground that the plaintiff had to satisfy the tests in an action for passing off. In the present case that means demonstrating: B

(a) whether the plaintiff owns the goodwill in the sale of fabrics using the brand name 'Hafiz Hamidun';

(b) misrepresentation by the defendant; and

(c) damage to the goodwill by reason of the misrepresentation. C

GOODWILL

**[17]** It is settled law that a plaintiff in a passing off claim must establish that it has actual goodwill in respect of the products or services in question. The learned High Court judge held that the plaintiff earned valuable goodwill and reputation in the brand name 'Hafiz Hamidun' not only in the music industry but also in the fabric industry by relying on the documentary evidence and testimony of the witnesses during the trial. D

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**[18]** At paras 26–32 of his judgment, the learned High Court judge considered the question of whether the plaintiff had goodwill in the business regarding the plaintiff's name. The learned High Court judge accepted the plaintiff's argument that the goodwill of the fabrics and apparel business belonged to the plaintiff and not the company. F

**[19]** Referring to the case of *Singham Sulaiman Sdn Bhd v Appraisal Property Management Sdn Bhd & Anor and another suit* [2018] 10 MLJ 187, the learned High Court judge states that the tort of passing off does not protect a plaintiff's Business Indicium per se but the plaintiff's goodwill in the business. G

**[20]** He went on to say:

> 30. I have no hesitation to find as a fact that the plaintiff's Goods are promoted and sold based on the plaintiff's name. This finding is supported by the following evidence and reasons: H
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> (1) Exhibit P5 with the plaintiff's name (marked P5A) constitutes the best evidence;
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> (2) The plaintiff's demand had expressly stated that due to the defendant's promotion and sales of the defendant's Goods which carried the plaintiff's name, the sales of the plaintiff's own 'clothing line' had been affected. If the plaintiff's Goods do not carry the plaintiff's name, the defendant could have easily stated as such in the defendant's reply to the plaintiff's demand. However, there was no reply by the defendant to the plaintiff's I

demand. Hence, any averment by the defendant that the plaintiff's Goods do not bear the plaintiff's name, is clearly an afterthought which should be rejected by this Court; and

(3) The plaintiff had given evidence that the plaintiff's Goods are advertised and sold based on the plaintiff's name. There is no doubt regarding the veracity of the plaintiff.

31. In view of the promotion and sales of the plaintiff's Goods which carry the plaintiff's name, I find as a fact that the plaintiff's name has acquired a secondary meaning in the sense that the plaintiff's name is descriptive of the plaintiff's goods and of the plaintiff's goods alone — please see Lord Oliver's judgment in *Reckitt & Colman Products*, at pp 885–886.

**[21]** The learned High Court judge continued:

32. Due to the plaintiff's fame as a Nasyid singer, the plaintiff has substantial or significant goodwill in the business regarding the plaintiff's Name (Plaintiff's Goodwill) when the plaintiff's name is used in relation to the plaintiff's goods. As explained in Muller's case, when the plaintiff's Goods are marketed and sold based on the plaintiff's Name, the plaintiff's Name constitutes an 'attractive force which brings in custom'. The plaintiff's Goodwill is clearly shown in the Messages From Plaintiff's Fans.

MISREPRESENTATION

**[22]** Misrepresentation by the defendant in the course of trade to its customers: The learned High Court judge held that the defendant has misrepresented and/or caused to be misrepresented and caused the likelihood of confusion to its customers that the defendant's fabric are products produced by the plaintiff and/or products endorsed by the plaintiff and/or products as a result of a collaboration between the plaintiff and the defendant.

DAMAGE

**[23]** Damage caused to the goodwill of the plaintiff: The learned High Court judge held that the plaintiff had established a probability or likelihood of damage to the respondent's goodwill in the brand name 'Hafiz Hamidun' as required for passing off action.

THE ISSUES ON THE APPEAL

**[24]** The main question arises in this case is: given there is no statutory trade mark registration, who is the common law owner of the goodwill in the brand name 'Hafiz Hamidun' for fabrics/apparel sold by HSB. Is it the plaintiff or HSB.

**[25]** It follows, the plaintiff does not have the standing to sue for passing off unless he owed the goodwill in the brand name 'Hafiz Hamidun' for fabrics/apparel sold by HSB.

*Ownership of goodwill*

**[26]** Learned counsel for the defendant submitted that the learned High Court judge fell into error in the following aspects.

**[27]** Firstly, the learned High Court judge failed to consider it was HSB that was using the brand name 'Hafiz Hamidun' for fabrics and apparel. Thus the goodwill was owed by HSB rather than the plaintiff.

**[28]** Further, learned counsel for the defendant submitted that the learned High Court judge was wrong to lift the corporate veil of HSB, namely to hold that the plaintiff was the alter ego of the said company and that the goodwill in the brand name 'Hafiz Hamidun' belonged to the plaintiff.

**[29]** As to these submissions, learned counsel for the plaintiff made a number of responses. First, he submitted that on the proper interpretation of the facts, the learned High Court judge had correctly assessed all the evidence tendered during the trial in arriving at the decision that the plaintiff had earned goodwill and reputation in the name and/or brand 'Hafiz Hamidun' in line with the principles set down in *AG Spalding Brothers v AW Gamage, Ltd* [1914–15] All ER Rep 147; (1915) 32 RPC 273 and as reiterated in the case of *TC Pharmaceutical Industries Co Ltd & Anor v Koay Sai Leat & Ors* [2016] 8 MLJ 779.

**[30]** Relying on the case of *KTL Sdn Bhd v Leong Oow Lai* [2014] MLJU 1405; [2014] 1 LNS 427 and *Chanel v Melwani2 International Sdn Bhd & Ors and other suits* [2017] 10 MLJ 592; [2017] 6 CLJ 567 learned counsel for the plaintiff also submitted that the learned High Court judge had correctly distinguished between the piercing and lifting of a corporate veil and proceeded to lift HSB corporate veil to ascertain the following based on evidence before the court:

(a) the respondent is the alter ego of HSB by reason of him owning 80% of the shares issued and being a founding director;

(b) the goodwill attached to the name and/or brand 'Hafiz Hamidun' used to promote and sell HSB goods was that of the plaintiff and not HSB;

(c) the respondent has earned a substantial or significant goodwill in the name and/or brand 'Hafiz Hamidun' as a nasyid singer based on

A evidence tendered and the goods sold by HSB was promoted and/or sold using the name and/or brand 'Hafiz Hamidun' as an 'attractive force which brings in custom'; and

(d) there exist special circumstances to lift HSB corporate veil to prevent the B appellant from evading liability for the tort of passing off the respondent's name and/or brand 'Hafiz Hamidun' on the appellant's goods.

**[31]** With due respect to the learned High Court judge, we are of the C opinion that his analysis on the issue of goodwill is plainly wrong.

**[32]** As Lords Diplock and Fraser pointed out in *Erven Warnink BV and Another v J Townend & Sons (Hull) Ltd and Another* [1980] RPC 31, the action for passing off protects a claimant's interest in the goodwill of his business or D products. Indeed, Lord Fraser quoted the words of Lord Diplock in the earlier Privy Council case of *Star Industrial Co Ltd v Yap Kwee Kor (t/a New Star Industrial Co)* [1976] FSR 256 at p 259:

> A passing off action is a remedy for the invasion of a right or property ... in the E business or goodwill likely to be injured by the misrepresentation made by passing off one person's goods as the goods of another.

**[33]** The cases indicate that where there is an issue of who is the owner of the goodwill in a business or product, the issue required to be determined is a F question of fact by reference to the detailed circumstances of the case (see generally *Butler v Evans (Inspector of Taxes)* [1980] STC 613).

**[34]** It is important to note that the law of passing off is not designed to protect a person against the sale of others of the sale goods or even copied G goods. What it protects is goodwill and it prevents one person from passing off his goods or services of those of another. As Lord Oliver explained in *Reckitt and Colman Products Ltd v Borden Inc and others* [1990] 1 All ER 873; [1990] 1 WLR 491 at p 499, a claimant must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the H purchasing public by association with the particular name or get up under which the goods or services are offered to public, such that the name or get-up is recognized by the public as distinctive of the claimant's goods or services. Second, he must demonstrate a misrepresentation by the defendant to the public leading or likely to lead the public to believe that the goods or services I offered by him are the goods or services of the claimant. Third, he must demonstrate that he suffers or, in a quia timet action that he is likely to suffer, damage by reason of the erroneous belief endangered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the claimant.

**[35]** *Reckitt & Colman Products Ltd* has been followed by a number of Malayisan cases (see *Yong Sze Fun & Anor (t/a Perindustrian Makanan & Minuman Layang-Layang) v Syarikat Zamani Hj Tamin Sdn Bhd & Anor* [2012] 1 MLJ 585; *Meidi (M) Sdn Bhd v Meidi-Ya Co Ltd, Japan & Anor* [2008] 6 MLJ 433; *Sinma Medical Products (M) Sdn Bhd v Yomeishu Seizo Co Ltd & Ors* [2004] 4 MLJ 358; [2004] 5 AMR 349 and *Walton International Ltd v Yong Teng Hing (b/s Hong Kong Trading Co)* [2011] 5 MLJ 397).

**[36]** In this case, it is highly relevant to consider the distinction between goodwill and reputation. As noted by the learned author Professor Wadlow, *The Law of Passing off, Unfair Competition By Misrepresentation* (4th Ed) at para 3-007, pp 111–112:

> Goodwill as form of legal property is also to be distinguished from mere reputation, which is primarily a matter of fact. In so far as reputation may be a legally protected interest, it is a non-proprietary one. It is true that the two are very closely related, and a business with goodwill (at least in the sense in which the term is used in passing off) can hardly fail to have a reputation in some sense. The converse, however, is not true, and the existence of a reputation associated with a person, product, name or mark does not necessarily imply the existence of goodwill:
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> > [T]hat, as it seems to me, is to confuse goodwill, which cannot exist in a vacuum, with mere reputation which may, no doubt, and frequently does, exist without any supporting local business, but which does not by itself constitute a property which the law protects.
>
> Reputation may be relevant to the passing off action in three respects. The most important is that proof of misrepresentation often turns on the reputation of the claimant's mark in the sense of its being recognized as distinctive by a sufficiently large proportion of the public. The other two are that the claimant's reputation, in a somewhat different sense, will suffer if the goods passed off by the defendant are inferior; and that the existence of reputation (in either preceding sense) may go some way to proving the existence of goodwill. It is unfortunately not uncommon to find the word 'reputation' used interchangeably in the various senses of widespread repute, perceived high quality, trademark distinctiveness, and goodwill in the strict sense. Likewise, 'goodwill' is quite often used when reputation in some sense is meant.

**[37]** Reverting to the present case, the argument advanced by the plaintiff was that he has goodwill in connection with his business activities and further, that the use of his name 'Hafiz Hamidun' on the defendant's fabrics amounted to a misrepresentation and was likely to deceive members of the public into believing that the defendant's fabrics is the fabrics produced and marketed by the plaintiff.

**[38]** However, emphasis is placed by the defendant that there was no evidence adduced by the plaintiff on the basis that he was personally the owner in the goodwill of the fabrics and apparel business.

**[39]** The evidence clearly shows that the plaintiff carried on the fabrics and apparel business through HSB. It was not simply the plaintiff personally. In this connection, the plaintiff said in his evidence that:

> Lebih-lebih lagi, tindakan defendan yang menggunapakai nama dan/atau jenama 'Hafiz Hamidun' pada kain dan/atau fabrik baju Melayu defendan adalah lebih mengelirukan dan/atau mengelirukan memandangkan saya pun menjual baju Melayu menggunakan nama dan/atau jenama 'Hafiz Hamidun' melalui perniagaan kain dan/atau fesyen saya, *Mikraj Concept Sdn Bhd yang kini dikenali sebagai Haje Sdn Bhd* yang boleh dibeli secara online dan/atau dari butik kami. (Emphasis added.)

**[40]** In this present case, we are satisfied that the learned High Court judge did not have proper regard to the evidence adduced during trial which clearly shows that Mikraj Concept Sdn Bhd (later known as HSB), the company founded by the plaintiffs, which is the company that carried out business in the fabrics and/or fashion line selling various clothing such as baju Melayu, jubbah and/or kurta, amongst others, has been using the brand name 'Hafiz Hamidun' since 2014.

**[41]** The learned High Court judge relied on the case of *Henderson v Radio Corpn Pty Ltd* [1969] RPC 218 and *Irvine v Talksport Ltd* [2003] FSR 35 as supporting his decision that if a person has goodwill in the business regarding a business indicium (which may consist of the actual name, stage name, moniker or image of the person in question), it is only just that the person be allowed to claim for the tort of passing off against another person who has used the Business Indicium without the former's consent.

**[42]** In *Irvine v Talksport*, the motor racing driver Eddie Irvine was already active and successful in the business of endorsing products of various kinds. He recovered £25,000 damages (increased from £2,000 on appeal) for the conspicuous and recognisable use of his photograph in a promotional mailshot for the defendant's radio station. The recipients would assume that Mr Irvine was endorsing the defendant, and the latter was therefore making unauthorised use of his goodwill. Because Mr Irvine was already active in granting endorsements and had goodwill in relation to that activity, there was no circularity involved in awarding him damages on the basis of what he could have charged.

**[43]** In *Henderson v Radio Corpn*, the defendants in that case issued a record of music for ballroom dancing and used a photograph of the plaintiff dancers

on its sleeve without their authority. The Full Court of New South Wales rejected the trial judge's finding of actual damage as speculative, but found for the plaintiffs on the ground that a misappropriation of their professional reputation was sufficient damage in itself. The plaintiffs had been deprived of the fee they could have charged for their endorsement as effectively as if the defendants had handed over the money and then stolen it back.

**[44]** We think, however that *Henderson v Radio Corp* and *Irvine v Talksport* relied by the High Court judge are not relevant to the facts of the present case as the goodwill in the fabrics and apparel business in this present case is owed by the company, HSB and not the plaintiff. Personally, in our view, the learned High Court judge appears to have overlooked the fact that the goodwill related to the business is a subject of separate ownership.

LIFTING THE CORPORATE VEIL

**[45]** The defendant's next submissions proceeded on the basis that the learned High Court judge was wrong to lift the corporate veil of the company to sustain the plaintiff's claim. The learned High Court judge held:

> 12. For the court to pierce or lift a corporate veil, three Federal Court cases, namely *Solid Investment Ltd v Alcatel Lucent (M) Sdn Bhd* [2014] 3 CLJ 73, at 92, *Gurbachan Singh s/o Bagawan Singh & Ors v Vellasamy s/o Pennusamy & Ors (on their behalf and for the 213 sub-purchasers of plots of land known as PN35553, Lot 9108, Mukim Hutan Melintang, Hilir Perak) and other appeals* [2015] 1 MLJ 773; [2015] 1 CLJ 719, and *Giga Engineering & Construction Sdn Bhd v Yip Chee Seng & Sons Sdn Bhd & Anor* [2015] 6 MLJ 449; [2015] 9 CLJ 537, require two conditions to be fulfilled (two conditions) namely —
>
> (1) the piercing or lifting of a corporate veil is in the interest of justice (1st Condition); and
>
> (2) there exist special circumstances to pierce or lift the corporate veil (2nd Condition).
>
> ...
>
> 14. I am of the view that the two conditions for the lifting of HSB's corporate veil (to reveal that the Plaintiff is HSB's alter ego) have been fulfilled in this case. This decision is based on the following evidence and reasons:
>
> (1) the first condition is satisfied because the lifting of HSB's corporate veil is in the interest of justice as follows —
>
> (a) the plaintiff owns 80% of the total issued shares of HSB; and
>
> (b) the plaintiff is a director of HSB since its corporation on 23 September 2014. Such evidence supports the plaintiff's testimony that he has incorporated HSB; and

(2) if this suit is dismissed solely on the ground that HSB is not joined as a co-plaintiff, the Defendant would be allowed to evade liability for the tort of passing off. In this sense, the 1st Condition is fulfilled in this case because there exist special circumstances to lift HSB's corporate veil so as to prevent the Defendant from evading liability to the Plaintiff for the tort of passing off the Plaintiff's name on the Defendant's Goods.

**[46]** With respect, we reject this argument. The terms 'lifting' and 'piercing' the corporate veil are used interchangeably by the Malaysian courts. These terms are employed where a claim is mounted against an individual who seeks to hide behind a company to escape liability for his fraudulent conduct.

**[47]** Since the decision of the Court of Appeal in *Law Kam Loy and anor v Boltex Sdn Bhd and others* [2005] MLJU 225; [2005] 3 CLJ 355, lifting or piercing the corporate veil is not permitted merely where the 'interests of justice' require it. Gopal Sri Ram JCA (as he then was) said at p 362:

> In my judgment, in the light of the more recent authorities such as *Adams v Cape Industries Plc* [1990] Ch 433], *it is not open to the courts to disregard the corporate veil purely on the ground that it is in the interests of justice to do so*. It is also my respectful view that the special circumstances to which Lord Keith referred include *cases where there is either actual fraud at common law or some inequitable or unconscionable conduct amounting to fraud in equity*.

**[48]** This decision was endorsed by the Federal Court in *Solid Investments Ltd v Alcatel-Lucent (M) Sdn Bhd (previously known as Alcatel Network Systems (M) Sdn Bhd)* [2014] 3 MLJ 785; [2014] 3 CLJ 73 and *Gurbachan Singh s/o Bagawan Singh & Ors v Vellasamy s/o Pennusamy & Ors (on their behalf and for the 213 sub-purchasers of plots of land known as PN35553, Lot 9108, Mukim Hutan Melintang, Hilir Perak) and other appeals* [2015] 1 MLJ 773; [2015] 1 CLJ 719.

**[49]** In *Giga Engineering & Construction Sdn Bhd v Yip Chee Seng & Sons Sdn Bhd & Anor* [2015] 6 MLJ 449; [2015] 9 CLJ 537, the defendant had argued the corporate veil of the respondent ought to be lifted 'in order to do justice', the Federal Court had maintained the position stated in *Alcatel* which cited *Boltex*, and later followed in *Gurbachan Singh*.

**[50]** Thus, it did not matter that the plaintiff was a well-known entertainer. We are of the view that the learned High Court judge had misapprehended Lord MacNaghten's dicta in *Muller*'s case in concluding that the principle stated therein extended to allowing the plaintiff to sue independently from the company in respect of all goods and services bearing the plaintiff's name.

**[51]** It is a clear law that in order to redress a wrong done to the company or to recover monies or damages as alleged to be due to the company, the action should prima facie be brought by the company itself. These cardinal principles are laid down in the well-known cases of *Foss v Harbottle* (1843) 67 ER 189 and in numerous other cases (see also *Abdul Rahim bin Aki v Krubong Industrial Park (Melaka) Sdn Bhd & Ors* [1995] 3 MLJ 417; *Perak Integrated Networks Services Sdn Bhd v Urban Domain Sdn Bhd (on behalf of themselves and Pins OSC & Maintenance Services Sdn Bhd through derivative action) & Anor* [2018] 4 MLJ 1; *Bumiputra-Commerce Bank Bhd v Augusto Pompeo Romei & Anor* [2014] 3 MLJ 672).

**[52]** As a general rule, the company is the proper claimant in an action to recover the loss that itself has suffered. A shareholder cannot in substance avoid that rule by bringing a personal claim to recover damages for losses merely because the company in which he has intereste has suffered damage, even if the conduct of which he complains gave him personally, and not the company alone, a cause of action (see *Foo Toon Yeong & Ors v Jonah Wong Ching Hang* [2019] 6 MLJ 640). The shareholder does not suffered loss. His only loss is through the company (see *Prudential Assurance Co Ltd v Newman Industries Ltd and others (No 2)* [1982] Ch 204).

**[53]** This policy is to ensure that loss to the complainant is recovered only by the company and the proceeds of recovery are not diverted to the shareholders to the potential prejudice of the creditors. It similarly ensures that the process of recovery is conducted only by the company and that the company's right to recover is not adversely affected by outside compromises with the shareholders to the potential prejudice of creditors.

**[54]** We would therefore differ from the learned High Court judge on this point which he decided at para 39 of his grounds of judgment.

THE PLAINTIFF'S PLEADING

**[55]** As a result of the arguments on this appeal about the difference between the pleaded case as to ownership of the goodwill, it is necessary to examine the relevant pleadings. That will reveal how the case was put by the plaintiff and how the defendant responded to it.

**[56]** What was the cause of action in the present case? In his statement of claim, the plaintiff averred, inter alia:

(a) in para 5, that he was a singer and composer of repute who had promoted himself under the name 'Hafiz Hamidun'. To that end, he had released an album under that name. On this basis, and on the further

basis set out in paras 6–7 of the statement of claim, the plaintiff contended that he had acquired goodwill in the said name; and

(b) in para 6 of the statement of claim, the plaintiff contended that he had established a company called Mikraj, which the evidence showed was renamed as Haje on 13 October 2017. The plaintiff contended that as a businessman, he had established that company 'yang menjalankan perniagaan dalam bidang kain dan/atau fesyen yang menjual pelbagai jenis pakaian seperti baju Melayu, jubah dan/atau kurta, antara lainnya, dengan menggunapakai nama dan/atau jenama 'Hafiz Hamidun' sejak tahun 2014.'

**[57]** In our view, the clear implication of the pleading in para 6 of the statement of claim is that the company was the owner of the goodwill in fabrics and apparel and not the plaintiff. It must be noted that the plaintiff did not plead that the company was a mere licensee.

**[58]** We accept the defendant's submission that from the pleading, it is thus clear that the plaintiff considered himself as having goodwill in the brand name 'Hafiz Hamidun' in so far as his career as an entertainer was concerned, but such goodwill was exploited by HSB where fabrics and apparel were concerned.

**[59]** This is made even clear by the following:

(a) the alleged passing off centered on the defendant selling fabric which bore the name 'Hafiz Hamidun'. This is evident from the particulars of alleged wrongdoing in paras 11.1 to 11.3 of the statement of claim;

(b) in para 12 of the statement of claim, the plaintiff contended that as a consequence of the alleged 'passing off', the plaintiff had 'mengalami kerugian dari segi jualan penjualan produk-produk jenama plaintiff di bawah syarikat Mikraj Concept Sdn Bhd dan juga kerosakan terhadap nama baik, imej dan/atau reputasi plaintiff'; and

(c) from this paragraph it is evident that the plaintiff's claim for loss was for two heads of loss:

(i) a decline in sales by Mikraj Concept Sdn Bhd. This was particularised in para 12.1; and

(ii) a loss of prestige and reputation. This was particularised in para 12.2 and 12.3.

**[60]** It is important to note that loss of prestige and reputation do not feature in a claim for passing off. Such a claim would not cover the type of loss particularised in paras 12.2 and 12.3 of the statement of claim.

**[61]** In our view, the evidence of the plaintiff does not lead to the conclusion that he personally owned the goodwill:

(a) in attempting to establish that he had goodwill in fabrics and apparel, the plaintiff relied only on exh P5, which was apparel sold by HSB. This apparel bore the brand 'Haje by Hafiz Hamidun'. The brand was separately marked as exh P5A. In fact, the evidence shows that the company HSB was only renamed Haje on 13 October 2017 after the commencement of the claim in the High Court;

(b) at trial, in cross examination, the plaintiff said:

> ERJ: En Mohammad Hafiz setuju bahawa Haje adalah jenama yang digunakan bagi produk baju Melayu kurta atau jubah oleh *Haje Sdn Bhd*.
>
> YA: Slowly. Kamu setuju atau pun tidak Haje adalah nama, jenama yang digunakan.
>
> ERJ: Jenama yang digunakan bagi produk baju Melayu kurta atau jubah *Haje Sdn Bhd*? Berdasarkan gambar ini.
>
> HAFIZ: Saya setuju.

(c) in his examination-in-chief, the plaintiff said:

> Lebih-lebih lagi, tindakan defendan yang mengguna pakai nama dan/atau jenama 'Hafiz Hamidun' pada kain dan/atau fabrik baju Melayu defendan adalah lebih mengelirukan dan/atau mengelirukan memandangkan saya pun menjual baju Melayu menggunakan nama dan/atau jenama 'Hafiz Hamidun' melalui perniagaan kain dan/atau fesyen saya, *Mikraj Concept Sdn Bhd yang kini dikenali sebagai Haje Sdn Bhd* yang boleh dibeli secara online dan/atau dari butik kami. (Emphasis added.)

**[62]** Taking all the foregoing into account, it was the case of the plaintiff that the company was entitled to exploit the goodwill in so far as fabrics and apparel are concerned. However, the learned judge failed to appreciate that it was necessary for the plaintiff to demonstrate goodwill in the goods that were the subject of the claim for passing off. This is shown by the way in which the learned judge approached the subject:

(a) in para 35 of his grounds of judgment, the learned judge referred to 'goodwill attached to the plaintiff's business'. This goodwill does not feature in claims for passing off, which concern goodwill in goods or services, though such goodwill is attached to a business. In *Reckitt and Colman Products Ltd v Borden Inc and others* [1990] 1 WLR 491; [1990] 1 All ER 873, Lord Oliver said at p 880:

> The law of passing off can be summarised in one short general proposition, no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. *First, he must establish*

A *a goodwill or reputation attached to the goods or services which he supplies* in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, *such that the get-up is recognized by*
B *the public as distinctive specific ally of the plaintiff's goods or services*.

(b) in para 36(1) of his grounds of judgment, the learned judge considered the 'right to endorse of recommended the defendant's goods' and a loss of 'licence fee or royalty'. We find that this was not the pleaded claim of
C the plaintiff. In any event, the plaintiff did not lead evidence to show that the company was a mere licensee;

(c) in para 36(2) of the grounds of judgment, the learned judge considered the likelihood that the sales of the plaintiff's goods will be adversely affected. As we have stated earlier, exh P5 was an example of the Haje's
D goods and not the plaintiff's. This was acknowledged by the learned judge in para 2(2) of the grounds of judgment where the learned High Court judge noted:

> [2] The plaintiff testified as follows, among others:
>
> E (1) the plaintiff is a singer and composer of songs. The plaintiff is known by his name 'Hafiz Hamidun' (plaintiff's name). In fact, the plaintiff's name is the title of one of his albums;
>
> (2) the plaintiff started a company, Mikraj Concept Sdn Bhd (MCSB) [now known as Haje Sdn Bhd (HSB)] Based on the plaintiff's name, HSB
> F (previously MCSB) sells various —
>
> (a) clothes, including 'Baju Melayu' (traditional Malay outfit for men), 'Kurta' shirts and robes; and
>
> (b) fabrics.

G

(d) in para 36(3) of his judgment, the learned High Court judge found that the plaintiff would lose his exclusive right to use the plaintiff's name for the plaintiff's goods. However, the learned High Court judge failed to take into consideration the fact that it was Haje that was using the name
H for fabrics and apparel.

**[63]** It is significant that no evidence was led as to an independent right on the part of the plaintiff personally to sue for loss in respect of goodwill in fabrics and apparel. The plaintiff had not, in any event, demonstrated any
I independent goodwill in fabrics and apparel given that the plaintiff had confined his claim to exhs P5 and P5A.

**[64]** In any event, the company was at all material times a separate legal personality.

**[65]** Therefore, it is clear that any injury caused by the alleged passing off would have been sustained by HSB and not the plaintiff.

**[66]** Applying the above authorities to the facts of this case, the plaintiff is not the proper party to sue for the alleged passing off in the present case. In our view, HSB owned the goodwill in the brand name 'Hafiz Hamidun'.

**[67]** In light of the foregoing, it is not necessary for us to consider the other elements of passing off, namely misrepresentation and damage.

CONCLUSION

**[68]** For the reason set out above, we conclude that the learned High Court judge erred in his findings which warrants appellate intervention. Therefore, we unanimously allowed the appeal with cost of RM85,000 here and below subject to the payment of allocator. Accordingly, the decision of the learned High Court judge is set aside.

*Appeal allowed with costs of RM85,000 here and below subject to payment of allocator; decision of High Court judge set aside.*

Reported by Dzulqarnain bin Ab Fatar